

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-10 NSAE-00 ICA-11
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 /110 W
-----019707 212146Z /75
P 212106Z JUL 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 5189

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USOECD

E.O. 11652: N/A
TAGS: EGEN, OECD
SUBJECT: POSITIVE ADJUSTMENT POLICIES: COUNCIL
DISCUSSION OF FOLLOW-UP PROCEDURES

1. SUMMARY: JULY 21 COUNCIL ADOPTED SECRETARAT'S PROPOSALS FOR FOLLOW-UP OF POSITIVE ADJUSTMENT ISSUE WITH ONLY SLIGHT MODIFICATIONS TO REFLECT IDEA THAT SECRETARY GENERAL WILL MAKE PROPOSALS FOR CONTINUING FOLLOW UP IN LIGHT OF WORK DONE BY SPECIALIZED COMMITTEES AND AD HOC GROUP OF GOVERNMENT REPRESENTATIVES. SECRETARIAT'S EXPLANATION OF PROCEDURES, REPORTED BELOW, ANSWERED IN ADVANCE POINTS WHICH MOST DELS, INCLUDING US, WANTED TO MAKE, AND ONLY REAL PROBLEM ARISING IN DEBATE WAS WISH OF FRG TO PUT OFF DECISION UNTIL AITER SUEMER BREAK. GERMANS INDICATED IN END, HOWEVER, THAT THEY WOULD ACCEPT ARRANGEMENTS, AD FELERENDUM, DUE LACK OF INSTRUCTIONS. END SUMMARY.

2. SECRETARIAT (MARRIS) ELABORATED THEIR CONCEPTION
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OF FOLLOW-UP ON POSITIVE ADJUSTMENT POLICIES ISSUE AS FOLLOWS: BEST WAY TO FOLLOW UP IS NOT YET CLEAR AND SECRETARIAT PROPOSALS ARE DESIGNED AS A FLEXIBLE AND PRAGMATLC APPROACH TO ALLOW OECD TO LEARN AS IT GOES ALONG HOW BEST TO HELP MEMBERS PURSUE

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MORE POSITIVE ADJUSTMENT POLICIES. THE MORE SPECIAL-
IZED COMMITTEES -- AGRICULTURE, INDUSTRY, AND MAN-
POWER BUT ALSO SCIENCE AND TECHNOLOGY AND OTHERS --
SHOULD REVIEW ORIENTATIONS ADOPTED BY MINISTERS
AND SEE WHAT THEY IMPLY FOR THEIR ACTIVITY. THE
AD HOC MEETING OF GOVERNMENT REPRESENTATIVES WHICH
DRAFTED THE GUIDELINES WHOUID MEET 2 OR 3 TIMES
THIS FALL TO EXAMINE SOME HORIZONTAL QUESTIONS.
EXAMPLES OF THESE ARE: A) HOW TO DISTINGUISH CYCLICAL
FROM STRUCTURAL PROBLEMS; B) HOW TO KEEP SUPPORT
MEASURES TEMPORARY; OR C) HOW TO ASSESS COSTS OF
ADJUSTMENT POLICIES AND MAKE THESE APPARENT TO
CONSUMERS AND GOVERNMENTS. AFTER THIS IS DONE
SECRETARIAT WOULD MAKE CONCRETE PROPOSALS FOR
MORE PERMANENT FOLLOW-UP IN THE ORGANIZATION. CLEARLY
BOTH THE EPC AND
XCSS HAVE A DIRECT INTEREST IN THE SUBJECT, BUT UNTIL
IT IS EXPLORED FURTHER IT WOULD BE UNWISE TO BE MORE
PRECISE ABOUT THEIR RESPECTIVE ROLES.

3. ENSUING DISCUSSION WHICH INVOLVED VIRTUALLY
ALL PERMANENT REPRESENTATIVES REVEALED WIDESPREAD
SUPPORT FOR PROMPT FOLLOW-UP ACTION ON THE MINISTERIAL
DECISION ON POSITIVE ADJUSTMENT POLICIES. MOST
DELEGATES APPRECIATE THE SECRETARY-GENERAL'S EFFORTS
TO KEEP UP THE MOMENTUM BY MAKING AN EARLY PRESENTA-
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TION TO THE COUNCIL SO THAT WORK COULD BEGIN EVEN
DURING THE SUMMER. WITH SOME CLARIFICATION AS
TO ROLE AND NUMBER OF MEETINGS, THERE WAS GENERAL
SUPPORT FOR THE AD HOC GROUP OF GOVERNMENT EXPERTS
(WHICH IS NOW BEING CALLED THE MARRIS GROUP). THIS
GROUP WILL NOT

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C O R R E C T E D C O P Y-TEXT ADDED, PARAS 3,4,5,6.

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BE SO MUCH A COORDINATING OR WATCHDOG BODY AS A PLACE
TO EXAMINE THE HORIZONTAL ASPECTS OF POSITIVE AD-
JUSTMENT AND ASSIST THE SECRETARY-GENERAL IN DRAWING
TOGETHER VARIOUS THREADS.

4. NUMEROUS DELEGATIONS ECHOED THE POINT MADE BY
MARRIS THAT BOT XCSS AND THE EPC WOULD BE
INTERESTED IN THE PROGRESS ON POSITIVE ADJUSTMENT,
BUT ALSO AGREED THAT IT WOULD BE PREFERABLE TO
POSTPONE FORMALLY OUTLINING THEIR ROLE. FRANCE,
WHILE SUPPORTING ROLE FOR EPC, QUESTIONED WHETHER
THERE WAS ANY NEED TO BRING THE SUBJECT BACK TO
XCSS. THE SOUTHERN EUROPEANS, PARTICULARLY ITALY
AND SPAIN, CONCENTRATED ON THE PLACE OF POSITIVE
ADJUSTMENT IN THE OVERALL CONCERTED ACTION FRAME-
WORK, (PARTICULARLY FASTER GROWTH) AND THEREFORE
EMPHASIZED THE EPC ROLE. SEVERAL DELEGATES, NOTABLY
AUSTRALIA, NEW ZEALAND AND DENMARK, SUPPORTED A MORE
ACTIVE ROLE FOR THE TRADE COMMITTEE, BUT WERE AWARE OF
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THE POSSIBLE IMPLICATIONS FOR THE MTN AND WISHED TO
AVOID ANY UNDESIRE SIDE EFFECTS.

5. THE AUSTRIAN DELEGATE STRESSED THE IMPORTANCE OF
CONSULTATIONS WITH TUAC AND BIAC. THE SECRETARY GENERAL
CONFIRMED (AND REVISED (78129 TO REFLECT FACT) THAT
CONSULTATIONS WILL BE HELD INITIALLY AT THE LEVEL OF
THE SPECIALIZED COMMITTEES.

6. THE GERMAN DELEGATE REQUESTED THAT THE SECRETARY-
GENERAL'S PLANNING UNIT DO A SYMOPSIS OF WORK ALREADY
UNDER WAY THROUGHOUT THE ORGANIZATION WHICH WOULD
AFFECT POSITIVE ADJUSTMENT AND SUGGESTED THAT DECISION

ON HOW TO PROCEED SHOULD BE POSTPONED UNTIL IMMEDIATELY
AFTER THE SUMMER BREAK WHEN SUCH A SYNOPSIS WOULD BE
AVAILABLE. FRG REP TOLD COUNCIL ON JULY 21 HE HAD NOT
RECEIVED INSTRUCTION BUT WOULD APPROVE SECGEN'S PRO-
POSAL AD REFENDUM.

7. COUNCIL WAS PRATICULARLY SENSITIVE TO ITS
PREOGATIVE AS FINAL DECISION-MAKING BODY ON EVENT
POSITIVE ADJUSTMENT FOLLOW-UP WORK PROGRAM, BOTH ALONG
HORIZONTAL AND VERTICAL LINES. REDRAFT OF ((78) 129
HIGHLIGHTS COUNCIL ROLE. THUS SECGEN WILL MAKE
PROPOSALS TO COUNCIL DRAWING ON THE RESULTS OF THE
DISCUSSIONS IN THE SPECIALIZED COMMITTEES AND THE
MARRIS GROUP.
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